

THE UNITED TELEPHONE COMPANY OF PENNSYLVANIA
STATEMENT OF INCOME
FOR THE 12 MONTHS ENDING 12/31/95

EXHIBIT D
Page 3 of 3

	INTRASTATE PER BOOKS -----
OPERATING REVENUES	
LOCAL NETWORK SERVICE	\$71,213,736
NETWORK ACCESS SERVICE	45,527,839
LONG DIST NETWORK SERVICE	41,646,001
MISCELLANEOUS	4,663,271
LESS UNCOLLECTIBLES	1,134,482

TOTAL OPERATING REVENUES	161,916,365
OPERATING EXPENSES	
ORDINARY REPAIRS	13,238,072
REARRANGEMENTS & CHANGES	5,847,781
OTHER PLANT SPEC.	12,199,998
DEPRECIATION AND AMORT.	31,713,065
OTHER PLANT NONSPEC.	23,291,132
CUSTOMER OPERATIONS	14,107,489
CORPORATE OPERATIONS	23,439,681

TOTAL OPERATING EXPENSES	123,837,218
OPERATING TAX EXPENSE	
FEDERAL INCOME TAX	8,138,017
INVESTMENT TAX CREDIT	888,825
STATE INCOME TAX	1,064,437
OTHER TAXES	8,112,791

TOTAL OPERATING TAXES	16,426,420
TOTAL EXPENSES AND TAXES	140,263,638
OTHER OPERATING INC. AND EXP.	0
NET OPERATING INCOME	\$21,652,727 =====

The United Telephone Company of Pennsylvania
1201 Walnut Bottom Road
Carlisle, Pennsylvania 17013

THIS NOTICE AND THE ENCLOSED BALLOT ARE IMPORTANT.
PLEASE READ CAREFULLY.

TO OUR HOWARD EXCHANGE CUSTOMERS:

The Howard exchange meets the Public Utility Commission's (PUC) toll calling statistic criterion to ballot for Extended Area Service (EAS) to the State College exchange. Depending on the results of the enclosed ballot, we may be able to increase your local calling area or the number of phones that you may call toll free.

Your response will help us to determine if the majority of our Howard customers want their local service area increased to include calls to the State College exchange. You would then be able to call State College residence and business numbers beginning with 814-231, 234, 235, 237, 238, ~~239~~, 861, 862, 863, 865 and 867 without being charged for a toll call. *opened 8/95*

*Deletti
pager*

If we extend your local calling area to State College, your monthly local service rates will increase. The following chart shows what your specific monthly increase will be:

	Your Current <u>Monthly Rate</u>	The Increased Rate To Call State <u>College Toll-Free</u>	Your Increase In <u>Monthly Rate</u>
<u>Residence</u>			
One-Party	\$8.79	\$12.02	\$3.23
One-Party (LMS)	5.27	7.21	1.94
Two-Party	7.05	9.71	2.66
Four-Party	5.68	7.86	2.18
<u>Business</u>			
One-Party	17.94	24.49	6.55
One-Party (LMS)	10.76	14.69	3.93
Two-Party	14.40	19.60	5.20
Four-Party	11.42	15.57	4.15
Semi-Public	18.66	25.50	6.84
Rotary Access Trunks-Res.	12.78	17.42	4.64
Rotary Trunks-Bus.			
Group 1-4	27.67	37.80	10.13
Group 5-8	29.45	40.23	10.78
Group 9-16	32.13	43.88	11.75
Group 17+	35.67	48.74	13.07

The above rate increases are for your local service only. Charges will not change for your touch tone service, inside wire maintenance or applicable mileage/zone charges.

You can determine if this extended area service will benefit you by comparing the increase in your monthly rate to what you are now paying in toll charges to the State College numbers. Your telephone bill itemizes those monthly toll charges.

The enclosed card is your ballot. The person in your household whose name is on your telephone bill, United's "customer of record," must choose and mark a box, sign, and date the ballot. The ballots will be counted by PUC officials. Please return the postage-paid ballot to the PUC on or before _____ (date) _____. The PUC will not count ballots postmarked after _____ (date) _____.

In order for the PUC to grant extended area service,

--at least 50 percent of all United Telephone Company of Pennsylvania's

Howard customers must vote, and

--more than 50 percent (or a majority) of the returned ballots must be

in favor of extending the local calling area to the State College

exchange.

If you have questions about this notice, please call our business office
at (company phone number), and we will answer your questions.

Please use a pen and mark only one of the boxes below:

☐

I am willing to pay the higher local service rates shown in this notice and dial toll-free to State College telephone numbers.

☐

I prefer to pay toll charges when I call the State College exchange and keep my lower current local service rates.

Signature_____ Date_____

Print Name_____

Telephone Number_____

COMMONWEALTH OF PENNSYLVANIA

:

SS.

:

COUNTY OF CUMBERLAND

:

Richard C. Eckhart, being duly sworn according to law, deposes and says that he the Vice President-Finance and Administration of The United Telephone Company of Pennsylvania; that he is authorized to and does make this Affidavit for it; that the facts set forth above are true and correct to the best of his knowledge, information and belief; and that he expects The United Telephone Company of Pennsylvania to be able to prove the same at any hearing hereof.

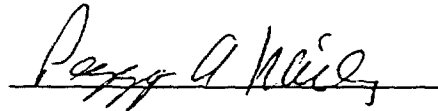


Richard C. Eckhart

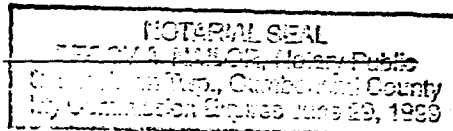
Sworn to and subscribed

before me this 8th day

of April, 1996.



My commission expires:



Attachment 6



10-1-43310
SS REF Howard/St College H.
12th Reg System 10-14-96
P.O. Box 1201
Carlisle, Pennsylvania NAC
Telephone (717) 245-6835

October 11, 1996

Ms. Joyce F. Grier
Asst Mgr - Exchange Carrier Relations
Bell Atlantic - Pennsylvania, Inc.
Strawberry Square, 7th Floor
Harrisburg, PA 17101

Dear Joyce:

Sprint is in receipt of an order from the PA PUC to implement one-way EAS from Howard to State College. As recognized in the attached Opinion and Order (Para 2 & 3), the calling frequency and contiguous nature of Howard to State College meet the Commission's EAS regulations.

It is our expectation to comply with this order by installing a new T1, to be routed on the same facilities that provide interLATA EAS service from Zion to State College. That route was established in July of 1992. Fourteen additional trunks will be required on the AA129017 trunk group. Our desired due date is December 20, 1996.

I have attached a copy of the Order as well as the Secretary's letter.

Questions may be directed to Mr. Rob Walter at (717)245-6835 ✓

Sincerely,

Nancy A. Clay
LEC Relations

cc: Ron Ludt
Rob Walter
Russ Guthall 10/15/96

ITC REQUEST FOR NETWORK/FACILITIES CHANGES

INDEPENDENT TELE CO: SPRINT

FROM: Nancy Clay

DATE: October 11, 1996

Tele #: (717) 245-6448

FAX #: (717) 245-7875

Activity:

(X) NEW () DISCONNECT () AUGMENT
() REARRANGE () REHOME

DESCRIPTION: Implementation of one-way InterLATA EAS route from Sprint's Howard office to Bell's State College office. Will require the installation of a new T1 and initially require 14 trunk groups to added to the AA129017 trunk group. Howard is a remote off Sprint's Mill Hall exchange.

Effective Date: December 20, 1996

Lata Codes: Howard - 232

State College - 230

Switch CLI Code: HWRDPAXHRS1
MLHLPAXEDS0

Switch CLI Codes (new): N/A

Location A: Mill Hall

Location B: State College

Switch Type: ITT 1210 (MLHL)

Signal Type: (X) MF () SS7

Trunk Type: _____

Trunks: 14

Host: Mill Hall

Remote: Howard

Attachment 7



1201 Walnut Bottom Road
P.O. Box 1201
Carlisle, Pennsylvania 17013-0905
Telephone (717) 245-6346

H. Kay Dailey
Senior Attorney

January 3, 1997

FEDERAL EXPRESS

Mr. John G. Alford, Secretary
Pennsylvania Public Utility Commission
Commonwealth Avenue and North Street
North Office Building
Harrisburg, PA 17125-3265

Re: Docket No. P-00961048, Pennsylvania Public Utility
Commission v. The United Telephone Company of
Pennsylvania -- Howard to State College Extended Area
Service

Dear Secretary Alford:

Please accept this document as a Compliance Report and
Petition for Declaratory Order concerning The United Telephone
Company of Pennsylvania's ("United" or "the Company")
compliance with the Commission's Order entered June 7, 1996, in
the above-captioned proceeding.

The Company was ordered, in ordering paragraph 6.(a), to
implement one-way EAS from Howard to State College within four
months upon notification by Secretarial Letter of the results
of a positive polling of the Howard customers.

By Secretarial Letter dated September 5, 1996, the Company
was informed that a majority of its Howard customers had voted
in favor of the requested EAS, and United was directed to
implement one-way EAS on the route from Howard to State
College. This route is a non-contiguous, interLATA route
between United and Bell Atlantic -- Pennsylvania ("Bell").

In order to provision the service for its customers,
United must have the cooperation of Bell because the route
crosses a LATA boundary, which also is the exchange boundary
between the companies. There is only one, economical way for
United to provide the Howard EAS service. Also, there is no
other existing, physical route over which the traffic can
travel. The solution is for United to hand off its Howard
traffic through its Mill Hall exchange to Bell in Bell's Lock
Haven exchange. Bell will then need to transport the traffic
to its State College exchange. Bell has failed to cooperate

with United in providing the service as necessary, claiming that it cannot transport traffic that has originated across a LATA boundary until it meets the criteria for entry into interLATA services set forth in the Telecommunications Act of 1996, Section 271.

Bell's refusal to accept this traffic is wrong for a number of reasons. First, interLATA restrictions that gave rise to a need for waiver requests under the former AT&T Consent Decree are no longer applicable and have been preempted by the Telecommunications Act of 1996 at Section 601(a)(1).

Further, Section 271(b)(4) of the Act specifically addresses the issue of termination of interLATA services and states: "(4) Termination: Nothing in this section prohibits a Bell operating company or any of its affiliates from providing termination for interLATA services, subject to subsection (j)." This is precisely the type of interLATA service that United is asking Bell to terminate, and it is neither prohibited nor restricted under the Act.

Finally, under Section 271(b)(3) of the Act, a Bell company is allowed to provide incidental interLATA services, which include, by definition in subsection (g)(5), "signaling information used in connection with the provision of telephone exchange services or exchange access by a local exchange carrier." The Act contemplates, therefore, that incidental interLATA switching service such as that which is being requested by United can be provided by a Bell company as incidental, and it is neither prohibited nor restricted under the Act.

The Commission's final Order, entered June 3, 1996, in Docket No. M-00960799, In Re: Implementation of the Telecommunication Act of 1996, provides further support for United's position that Bell should be required to accept the Howard traffic. In that Order, the Commission stated as follows:

"Since consent decree waivers are no longer pertinent [for Bell and GTE], Section 63.75(6) is clearly outdated and obsolete. Accordingly, we will act to rescind the regulation through incorporation of this issue into our pending docket, Rulemaking to Rescind Obsolete Regulations Regarding Telephone Service, at L-00960113. However, nothing in the Order should be interpreted to relieve GTE and Bell from seeking any federal regulatory approvals which may be necessary to implement interLATA EAS at any given time."

Clearly, it is the intent of the Commission that Bell cooperate to assure that the legitimate EAS needs of customers

continue to be met; even during the time of transition to the requirements of the federal Act.

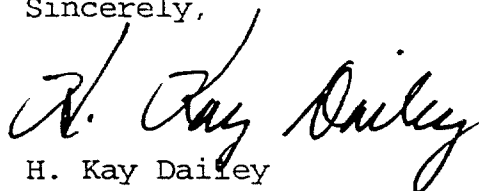
For all of the above-stated reasons, United respectfully requests a Declaratory Order from the Commission, directing Bell to accept United's Howard EAS traffic from United's Mill Hall exchange into Bell's Lock Haven exchange and ordering Bell to transport that traffic to its State College exchange.

Would you please time-stamp the additional copy of this document with the date of January 3, 1997, as evidenced on the attached Federal Express receipt, and return it in the enclosed, self-addressed, stamped envelope.

If there are any questions concerning this filing, please direct them to me.

Thank you for your cooperation.

Sincerely,


H. Kay Dailey

Enclosures

cc: Bell Atlantic -- Pennsylvania (GEORGE BADER)

CC: T. USIADEK
Faxed 1-6-97
CSB

G. FLURER

S. MORROW

Attachment 8



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

September 12, 1997

IN REPLY PLEASE
REFER TO OUR FILE

P-00961048

H KAY DAILEY SR ATTORNEY
UNITED TELEPHONE CO OF PA
1201 WALNUT BOTTOM ROAD
CARLISLE PA 17013-0905

Petition for Declaratory Order re Pa. P.U.C. v. The United Telephone Company of Pennsylvania
Howard to State College Extended Area Service

To Whom It May Concern:

This is to advise you that an Order has been adopted by the Commission
in Public Meeting on September 12, 1997 in the above entitled proceeding.

An Order has been enclosed for your records.

Very truly yours,

James J. McNulty
Acting Secretary

Enclosure
Certified Mail
JEP

PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17105-3265

Public Meeting held September 12, 1997

Commissioners Present:

John M. Quain, Chairman
Robert K. Bloom, Vice Chairman
John Hanger
David W. Rolka
Nora Mead Brownell

Petition for Declaratory Order re Pa. P.U.C.
v. The United Telephone Company of
Pennsylvania -- Howard to State College
Extended Area Service

Docket No. P-00961048

ORDER

BY THE COMMISSION:

On January 3, 1997, the United Telephone Company of Pennsylvania (United or Company) filed a Petition for Declaratory Order requesting that the Commission (1) direct Bell Atlantic-PA (BA-PA) to accept United's Howard exchange extended area service (EAS) traffic from United's Mill Hall exchange into BA-PA's Lock Haven exchange and (2) order BA-PA to transport that traffic to its State College exchange. BA-PA responded to this petition on July 11, 1997, stating that it had not been served with United's January 3, 1997 petition. Indeed, United's petition did not include a certificate of service. Rather, the petition merely noted that BA-PA, with no individual named, was copied.

Background

On April 9, 1996, United filed, at the above-docket number, for permission to poll its Howard customers for one-way EAS to BA-PA's State College exchange, in accordance with the Commission's EAS regulations at 52 Pa. Code §§63.71-63.77. Section 63.74 of our regulations requires local exchange carriers conduct a subscriber poll of the calling exchange of an interLATA route when the average monthly calling frequency is equal to or greater than 5.5 calls per access line per month from one exchange to another.

By order, entered June 7, 1996, we granted United's request and permitted United to begin the balloting process for one-way EAS from Howard to State College and forward the balloting results to the Commission's Bureau of Fixed Utility Services (FUS).

If the results of the polling were deemed to be positive, we directed the following:

1. The Company shall implement one-way EAS from Howard to State College within four months upon notification by Secretarial letter;
2. The Company shall file a revised tariff supplement, to become effective upon at least one day's notice, to add State College to the local calling area of the Howard Exchange, and to transfer customers in the Howard exchange from Rate Class III to Rate Class VII; and
3. ...[I]f an Optional Calling Plan currently exists on this toll route, the Company shall file, or cause to be filed, a revised tariff supplement to become effective upon at least one day's notice, which removes the Howard to State College toll route as an available route under the Company's Optional Calling Plan.

By Secretarial letter dated September 5, 1996, we informed United that a majority of its Howard customers had voted in favor of the requested EAS, and directed United to implement a one-way EAS from Howard to State College.

United's Petition and BA-PA's Response

In its Petition, United asserts that, in order to provide the one-way EAS for its customers, United must have BA-PA's cooperation for the route to cross a LATA boundary, which also is the exchange boundary between United and BA-PA. Petition at

1. United's petition reads as follows:

In order to provision the service for its customers, United must have the cooperation of ...[BA-PA] because the route crosses a LATA boundary, which also is the exchange boundary between...[BA-PA and United]. There is only one, economical way for United to provide the Howard EAS service. Also, there is no other existing, physical route over which the traffic can travel. The solution is for United to hand off its Howard traffic through its Mill Hall exchange to ...[BA-PA] in ...[BA-PA's] Lock Haven exchange. ...[BA-PA] will then need to transport the traffic to its State College exchange. ...[BA-PA] has failed to cooperate with United in providing the service as necessary, claiming that it cannot transport traffic that has originated across a LATA boundary until it meets the criteria for entry into interLATA services set forth in the Telecommunications Act of 1996, Section 271.

Petition at 1-2.

United asserts that BA-PA's refusal to accept the traffic is incorrect because interLATA restrictions that gave rise to a need for waiver requests under the former AT&T Consent Decree are no longer applicable and have been preempted by Section 601(a)(1) of the Telecommunications Act of 1996 (TA-96). Moreover, United argues

that Section 271(b)(3) of TA-96 authorizes BA-PA to provide incidental interLATA services, which include, by definition in Section 271(g)(5): "signaling information used in connection with the provision of telephone exchange services or exchange access by a local exchange carrier. As such, United argues, the interLATA switching service requested by United is not prohibited by TA-96.

BA-PA argues that it is prohibited by Section 271 of TA-96 to provide the interLATA switching service and that the exceptions listed therein do not apply to this situation. The first exception in Section 271(b)(4), BA-PA states, merely permits BA-PA to terminate interLATA services. Moreover, the services are not "incidental" interLATA services pursuant to Section 271(g) of TA-96 because transporting EAS traffic is more than providing "signaling information."

BA-PA also states that United's claim that its proposal is the only economical way to provide this EAS service is unsubstantiated.

Discussion

We accept BA-PA's arguments concerning United's petition. We believe that this EAS service does not fall within the exceptions listed in Section 271 of TA-96. Moreover, United's statement alone, without any documentation, does not persuade us that other economical alternatives are not available to provide the EAS service.

This matter is similar to our decision involving these two companies in Pa. P.U.C. v. The United Telephone Company of Pennsylvania, Docket No. P-00940787, order entered July 19, 1996 (Orbisonia). In Orbisonia, we directed United to implement EAS

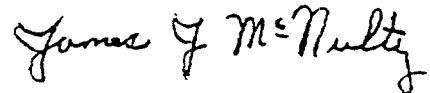
from Orbisonia to Mount Union on a non-conforming route until such time that BA-PA's waiver request would be granted, or until BA-PA receives general authority under Section 271 of TA-96 to provide interLATA service, whichever occurred first. Due to the many obstacles encountered on the federal level with regard to the delay in both granting BA-PA's waiver and approving BA-PA's general authority, we felt compelled, in Orbisonia, to direct implementation of a non-conforming alternative route, rather than delay EAS implementation any longer.

In the matter herein, BA-PA has not requested approval of a waiver request for this interLATA. In addition, BA-PA has yet to receive general authority under Section 271 of TA-96 to provide interLATA service. Once again, the Commission is faced with a dilemma of whether to wait for a general authority decision (which would allow United to implement a more cost-effective route) or to order implementation of EAS (which would direct United to use a less efficient route). We believe that delaying implementation indefinitely only serves to frustrate the customers who would benefit from implementation of the Howard-State College route. Accordingly, consistent with our decision in Orbisonia, we believe it is in the best interests of the customers to direct United to implement one-way interLATA EAS from Howard to State College and utilize an alternative, cost-effective route, on a temporary basis, until such time that BA-PA receives general authority under Section 271 of TA-96 to provide interLATA service; THEREFORE,

IT IS ORDERED:

1. That United Telephone Company of Pennsylvania (United), be and hereby is, directed to file, within ninety (90) days from the entry date of this order, a tariff supplement which provides for one-way EAS from Howard to its State College exchange, to become effective upon at least one day's notice.
2. That United shall utilize an alternative, cost-effective route, on a temporary basis, until such time that Bell Atlantic-PA's (BA-PA) receives general authority under Section 271 of the Federal Telecommunications Act to provide interLATA service.
3. That a copy of this Opinion and Order shall be served upon United and BA-PA.

BY THE COMMISSION:



James J. McNulty
Acting Secretary

ORDER ADOPTED: September 12, 1997

ORDER ENTERED: SEP 12 1997

Attachment 9



H. Kay Dailey
Senior Attorney

North Central Operations
1201 Walnut Bottom Road
Carlisle, Pennsylvania 17013-0905
Telephone (717) 245-6346
Fax (717) 240-4901

September 29, 1997

FEDERAL EXPRESS

Prothonotary
Pennsylvania Public Utility Commission
Commonwealth Avenue and North Street
P. O. Box 3265
Harrisburg, PA 17105-3265

Re: Docket No. P-00961048, Howard to State College Extended
Area Service ("EAS")

Dear Prothonotary:

Enclosed for filing, in accordance with 66 Pa. C.S. §703(g) and 52 Pa. Code §5.572(a) and (c), please find an original and three (3) copies of a Petition for Reconsideration filed by The United Telephone Company of Pennsylvania in the above-captioned matter.

Would you please time-stamp the additional copy of the Petition with the date of September, 29, 1997, as evidenced on the attached Federal Express receipt, and return it in the enclosed, self-addressed, stamped envelope.

Thank you for your cooperation.

Sincerely,

H. Kay Dailey

HKD/pn

Before The
PENNSYLVANIA PUBLIC UTILITY COMMISSION

HOWARD TO STATE COLLEGE : DOCKET NO. P-00961048
EXTENDED AREA SERVICE :

PETITION OF THE UNITED TELEPHONE COMPANY
OF PENNSYLVANIA FOR RECONSIDERATION

AND NOW comes The United Telephone Company of Pennsylvania ("United") and files its Petition for Reconsideration, in accordance with 66 Pa. C.S. §703(g), based upon the following:

1. On September 12, 1997, the Pennsylvania Public Utility Commission ("PUC" or "Commission") entered an Order in the above-captioned case. The PUC ordered United to file, within ninety (90) days a tariff to implement one-way EAS from Howard to Bell-Atlantic Pennsylvania, Inc.'s ("Bell") State College exchange. The Commission directed United to ". . . utilize an alternative, cost-effective, route on a temporary basis," until such time that Bell receives its Section 271 authority to provide interLATA service.

2. In accordance with 66 Pa. C.S. §703(g) and 52 Pa. Code §5.572, the standards for review of a Petition for relief following a final decision are set forth in the case of Duick v. PG&W, 52 Pa. PUC 553 (December 17, 1982). The Commonwealth Court further defined those standards in the case of AT&T v. Pa. P.U.C., ___, Pa. Commonwealth Court ___, 568 A.2d 1362 (1990).

3. Petitions for relief may raise properly any matter designed to convince the Commission that it should exercise its discretion to reconsider, rescind or amend a prior Order in whole or in part. Such Petitions should raise "new and novel arguments" not previously heard, or considerations which appear to have been

overlooked or not addressed by the Commission. Sprint submits that the following information is important for the Commission to reconsider.

4. In its discussion in the Order, p. 4, the Commission simply accepted Bell's arguments that the EAS service in question does not fall within the exceptions listed in Section 271 of The Telecommunications Act of 1996. Even assuming for the sake of argument that Bell's legal position is correct, there are other alternatives if the interpretation is not as United has argued. The Commission has overlooked or ignored its Final Order entered June 3, 1996, in Docket No. M-00960799, In re: Implementation of The Telecommunications Act of 1996. In that Order, the Commission stated as follows:

Since consent decree waivers are no longer pertinent [for Bell and GTE], Section 63.75(6) is clearly outdated and obsolete. Accordingly, we will act to rescind the regulation through incorporation of this issue into our pending docket, Rulemaking to Rescind Obsolete Regulations Regarding Telephone Service, at L-00960113. However, nothing in the Order should be interpreted to relieve GTE and Bell from seeking any federal regulatory approvals which may be necessary to implement interLATA EAS at any given time.

As United pointed out in its Petition for Declaratory Order, the Commission has intended that Bell cooperate to assure that the legitimate EAS needs of customers continue to be met, even during the time of transition to Bell's Section 271 authority under the federal Telecommunications Act.

5. The Commission's EAS regulations also evidence a need on the part of companies to perform certain actions to implement EAS in a reciprocal way. See, 52 Pa. Code §63.74 and §63.76. Section 63.76 is particularly significant in that in situations with EAS